

**AGREEMENT FOR DEVELOPMENT AND TAX
ABATEMENT IN REINVESTMENT ZONE NUMBER FOURTEEN (14) FOR
COMMERCIAL TAX ABATEMENT**

STATE OF TEXAS §
 §
COUNTY OF BRAZOS §

This Agreement entered into by and between the CITY OF COLLEGE STATION, TEXAS, a Texas home-rule municipal corporation, Brazos County, Texas, acting herein by and through its City Council (hereinafter referred to as "CITY"), and CW CS 1 LP, a Texas limited partnership (hereinafter referred to as LESSEE), COMPAQ COMPUTER CORPORATION, a Delaware Corporation, and SCHLUMBERGER TECHNOLOGY CORPORATION, a Texas Corporation (hereinafter referred to as "SUBLESSEE or SUBLESSEES" AND INDIVIDUALLY AS "COMPAQ" AND "SCHLUMBERGER", RESPECTIVELY), acting herein by and through their respective duly authorized agents.

WITNESSETH:

WHEREAS, the City Council of the City of College Station, Texas, (hereinafter referred to as "Council") adopted a policy for the creation of tax abatement zones in the City of College Station. Subsequently, the Council, by ordinance, established Reinvestment Zone Number Fourteen (14) for Commercial Tax Abatement, City of College Station, Texas (hereinafter referred to as "Zone") as authorized by ARTICLE 1066F, V.T.C.S., as amended, and V.T.C.A., TAX CODE §312.201.

WHEREAS, in order to provide for the proper development of such property and to aid in the conduct of the operation thereof to the best interest of the CITY in accordance with the above-referenced ordinances and statutes, the parties do mutually agree as follows:

1. Definitions:

Cessation of operations means any unauthorized assignment pursuant to Sections 16.7 and 16.8 herein; vacating the premises prior to the end of a lease or sublease term; abandoning the lease or sublease; an uncured default under any lease or sublease agreement; failure of a SUBLESSEE to relocate its business to another facility in College Station and continue to operate its business in

accordance with this Agreement for an additional 60 months in the event that SUBLESSEE does not renew its sublease after the expiration of the initial 60 month lease term for an additional 60 months; an uncured default of LESSEE of its mortgage; any foreclosure of a mortgage upon the lease; any termination of the lease by Texas A&M University.

District means the Brazos County Appraisal District.

EDC means the Bryan/College Station Economic Development Corporation.

Full-time Employees means any employee (excluding temporary or seasonal employees) on the payroll in a budgeted position and having an officially scheduled workweek of 40 hours or more and receives benefits.

Lessee means CW CS 1 LP, a Texas limited partnership, the owner of a leasehold interest in tax-exempt real property under a ground lease with Texas A&M University, a tax-exempt entity.

Part-time Employees means any employee (excluding temporary or seasonal employees) on the payroll in a budgeted position and having an officially scheduled workweek of less than 40 hours.

Premises means the Property defined herein together with all fixtures, buildings and permanent improvements.

Property means a six acre tract or parcel identified and described in Exhibit "A", attached hereto and incorporated herein for all purposes, and also referred to as part of Block 5 of the Phase 1 Designation and Re-plat of Block 4, Texas A&M University Research Park according to the plat recorded in Volume 1165, Page 117, of the Official Records of Brazos County, Texas.

Tenant means a business that leases space in the facility but has not been approved to receive economic incentives from the City or the EDC

Sublessee means Compaq, Schlumberger or any qualified economic development prospect who subleases space in the facility constructed by LESSEE.

Qualified economic development prospect means a new or existing business that qualified for an incentive package by the EDC and been approved by the EDC Board for incentives pursuant to the economic development guidelines of the City.

2. In consideration of LESSEE's construction of approximately SEVEN MILLION DOLLARS AND NO CENTS (\$7,000,000.00) of real property improvements to be used as commercial/industrial lease space which will consist of approximately 69,000 finished and heated square feet of commercial/industrial building (hereinafter referred to as "Building") to be constructed on the Property and to be subleased, and each SUBLESSEE's guarantee to provide a minimum payroll, job creation and other economic investments as agreed to herein, CITY agrees, subject to the terms and conditions contained herein, that the Premises shall be entitled to an exemption from taxation for the increase in value over the value for the year in which this Agreement is executed as provided for in Section 12 of

this Agreement for a period of eight (8) years, and that upon the expiration of ten (10) years this Tax Abatement Agreement shall terminate.

3. LESSEE and each SUBLESSEE acknowledge and agree that the CITY is engaged in a governmental function in granting tax abatement and all matters related thereto. The CITY's purpose in entering into this Tax Abatement Agreement is to encourage development of the Property, to create jobs and payroll, create industrial/commercial lease space for new or expanding business, and operation of a business by each SUBLESSEE in the Premises in Reinvestment Zone Number Fourteen (14) in accordance with this Agreement. LESSEE and each SUBLESSEE agree to limit the use of the Premises to further said purposes.

4. Lessee's Obligations

4.1. LESSEE agrees to invest SEVEN MILLION DOLLARS AND NO CENTS (\$7,000,000.00) for the construction of real property improvements on the Property. LESSEE represents and warrants that the improvements will be complete and ready for occupancy on or before December 31, 2002. LESSEE's failure to complete its capital investment obligations by the aforementioned date shall constitute a breach of this Agreement subject to the default remedies in Section 9 herein.

4.2 After CITY certifies in writing that each SUBLESSEE is not in default and has met its performance requirements in Section 5 herein, LESSEE shall apply annually a credit against each SUBLESSEE's operating expenses in the sublease the amount of taxes owed to LESSEE under the sublease. CITY shall provide a copy of this certification to LESSEE. The credit shall be in accordance with the amount and proportion abated by CITY and approved by the District on the Premises as provided in this Agreement.

4.3 LESSEE shall promptly notify CITY of any SUBLESSEE default of its sublease if LESSEE intends, as a consequence thereof, to terminate such sublease or terminate the right of SUBLESSEE's possession under the sublease. LESSEE shall withhold the credit from a

SUBLESSEE if he knows that a SUBLESSEE is in default of this agreement through actual written notice from the CITY.

4.4 LESSEE shall provide a copy of all executed subleases with SUBLESSEE(s) to CITY within ten days of execution of same with a SUBLESSEE.

4.5 To be eligible for tax abatement, LESSEE must sublease a minimum of 40% (approximately 27,600 sq. ft.) of the gross heated square footage of the Building to SUBLESSEE(s) with such actual minimum amount to be confirmed as per Section 4.7 hereof. After the minimum square footage is under sublease to SUBLESSEE(s), CITY shall grant tax abatement for the Premises on a prorated basis in proportion to the percentage of the Building leased to SUBLESSEE(s) to the entire Building and the abatement schedule set forth in Section 12.2 hereof.

Example of abatement calculation:

Leased space as of year 4:

Sublessee A	40,000 square feet (representing 58% of the premises)
Sublessee B	15,000 square feet (representing 22% of the premises)
Tenants or vacant	14,000 square feet (representing 20% of the premises)
Total:	69,000 square feet (representing 100% of the premises)

Total taxable value for year 4 at 70% abatement =
 $\$7,000,000 / \$100 \times \$0.4777 \text{ tax rate} = \$33,439$

Tax Abatement if 100% leased by Sublessees:
 $\$33,439 \times 70\% \text{ abatement} = \$23,407$

Abatement Pass Through from Lessee to Sublessees:

Sublessee A would receive \$13,576 in tax abatement (58% of tax abatement)

Sublessee B would receive \$5,150 in tax abatement (22% of tax abatement)

The remaining \$4,681 (20%) would not be abated (for either Lessee or Sublessees) as the space was not leased by a SUBLESSEE.

Note: The methodology for calculating the percentage reduction of abatement in the event a Sublessee defaults is the same

4.6 A decrease in the percentage of square footage leased to SUBLESSEE(s) to below 40% due to a SUBLESSEE default shall not constitute a default of the LESSEE. However, LESSEE's tax abatement shall be reduced to the actual percentage leased to SUBLESSEE(s) multiplied by the percentage of abatement granted for that year according to Section 12.2 herein. Tenants of LESSEE shall not qualify to satisfy the 40% occupancy requirement or authorize tax abatement for Tenant occupancy.

4.7 LESSEE agrees that the site plan, exterior design drawings, specifications and materials (hereinafter referred to as "Plans") for each improvement will be submitted to CITY, and/or its designated representative, and have been approved by Texas A&M University, which Plans are incorporated herein for all purposes. An official set of Plans (and upon completion "As Built" Plans) will be designated by the LESSEE and kept on file with the CITY.

4.8. LESSEE agrees to construct all improvements substantially in compliance with the Plans and in accordance with all applicable laws of the State of Texas, the United States, Texas A&M University and any subdivision, agency or authority thereof in effect at the time of development. Upon completion of the Building, LESSEE shall provide the CITY with a statement of completion and verification of the actual number of finished and heated square feet in the Building.

4.9. In the event the PREMISES is damaged by fire, act of God, or any other casualty, if LESSEE diligently pursues such reconstruction, repair, remodel, renovation or reconstruction of PREMISES in accordance with the PLANS or revised PLANS, then the exemption from taxation as provided for in this Agreement shall only cease during the time that the PREMISES are being repaired, remodeled, or renovated; and when PREMISES are restored to their prior condition, the exemption from taxation shall recommence for the full remaining term of the exemption. Should LESSEE decide not to repair, remodel, renovate, or reconstruct the damaged PREMISES, then the exemption from taxation as provided for in this Agreement shall cease, the PREMISES will be taxed at full market value, and LESSEE shall repay to CITY the amount of the tax previously abated in prior years; provided, however, if SUBLESSEE continues to operate its business within College

Station in accordance with the performance tables herein, the CITY shall not recapture the taxes previously abated and such SUBLESSEE shall not be in default hereunder.

5. Sublessee Obligations

5.1 Space Subleased

- (a) Compaq agrees to sublease a minimum of 30,000 heated square feet for a term of five (5) years with an option to renew for an additional five (5) years.
- (b) Schlumberger agrees to sublease a minimum of 21,477 heated square feet for a term of five (5) years with an option to renew for an additional five (5) years.
- (c) If a SUBLESSEE does not exercise its five (5) year option to renew its sublease of the PREMISES, then the exemption from taxation for such SUBLESSEE shall cease and such SUBLESSEE, at City's sole option, may be obligated to re-pay the CITY the taxes previously abated during the term of the Lease in accordance with Section 12 hereof; provided, however, if SUBLESSEE continues to operate its business within College Station in accordance with the performance tables herein, the CITY shall not recapture the taxes previously abated and such SUBLESSEE shall not be in default hereunder.

5.2. Gross Payroll

Each SUBLESSEE represents and agrees to increase gross payroll over and above the existing gross payroll in accordance with the requirements in the tables in this Agreement. Each SUBLESSEE shall use reasonable efforts to hire and maintain additional employees over and above the existing number of employees in accordance with the applicable tables hereunder. However, the failure to meet the employment requirements shall not constitute a default provided that a SUBLESSEE meets its gross payroll requirements herein. Compaq performance requirements are in Table A and Schlumberger performance requirements are in Table B hereinbelow. Further, each SUBLESSEE represents that the current payroll and employee numbers provided to the CITY are accurate as of the date of execution of this Agreement.

Table A Compaq

*Year	No. of New Full-time Jobs	No. of New Part-time Jobs	New Annual Gross Payroll	2001 Existing Full-time Jobs	2001 Existing Part-time Jobs	**Total Employment	***Total Annual Gross Payroll
2001	0	0	\$0	9	60	69	\$1,688,000
2002	0	0	\$84,000	-	-	69	\$1,772,000
2003	0	0	\$89,000	-	-	69	\$1,861,000
2004	0	0	\$93,000	-	-	69	\$1,954,000
2005	0	0	\$98,000	-	--	69	\$2,052,000
2006	0	0	\$102,000	-	-	69	\$2,154,000
2007	0	0	\$0	-	-	69	\$2,154,000
2008	0	0	\$0	-	-	69	\$2,154,000
2009	0	0	\$0	-	-	69	\$2,154,000
2010	0	0	\$0	-	-	69	\$2,154,000
TOTAL	0	0	\$466,000	9	60	69	\$2,154,000

Table B - Schlumberger

*Year	No. of New Full-time Jobs	No. of New Part-time Jobs	New Annual Gross Payroll	2001 Existing Full-time Jobs	2001 Existing Part-time Jobs	**Total Employment	***Total Annual Gross Payroll
2001	0	0	0	38	0	38	\$2,275,000
2002	5	-	\$380,200	-	0	43	\$2,655,200
2003	5	-	\$380,200	-	0	48	\$3,035,400
2004	3	-	\$234,300	-	0	51	\$3,269,700
2005	3	-	\$234,300	-	0	54	\$3,504,000
2006	0	-	0	-	0	54	\$3,504,000
2007	0	-	0	-	0	54	\$3,504,000
2008	0	-	0	-	0	54	\$3,504,000
2009	0	-	0	-	0	54	\$3,504,000
2010	0	-	0	-	0	54	\$3,504,000
TOTAL	16	0	\$1,229,000	38	0	54	\$3,504,000

*The above employment numbers are as of December 31st of each year.

**Total employment numbers equal the combined total of New Part-time and Full-time employees and current Part-time and Full-time employees.

***The above Total Annual Gross Payroll figures include both current payroll as stated below and New Annual Gross Payroll.

5.3 Each SUBLESSEE respectively represents and warrants that its business will maintain while in the Premises for the term of this Agreement, the payroll reflected in the relevant table in this Section 5 from and after the dates specified. Each SUBLESSEE shall increase its payroll as scheduled in the applicable table for each SUBLESSEE during the term of this Agreement. Each SUBLESSEE agrees that the new employees and payroll figures specified in the applicable table are in addition to the current figures. Any decrease in the amount of payroll during the term of this Agreement below the scheduled the scheduled amount of gross payroll constitutes a breach of this Agreement subject to the default remedies in Section 9.

5.4 Once payroll is increased in accordance with the applicable table herein, a SUBLESSEE may not, thereafter, decrease the payroll to an amount below the new level that has been achieved unless authorized pursuant to Section 5 herein.

5.5 The payroll numbers in the tables are annualized, based on the last payroll date in the month of December each year. The "last payroll date in the month of December" shall mean, for purposes of this paragraph, the last payroll distribution in the month of December. For example, if the regular payroll is distributed to the employees on a weekly basis, every Wednesday, the last payroll distribution for 2002 will be on the last Wednesday in December and the last Wednesday of each December thereafter for the term of this Agreement.

6. Submission of Reports and/or Inspection and Auditing

6.1 CITY assumes no liability or responsibility for any defect in any structure constructed, renovated, or repaired from the Plans or approved revised Plans. Nothing in this Agreement shall be deemed or construed to create a partnership or joint venture between the parties hereto.

6.2 At all reasonable times during the construction of Premises, CITY and its respective designees may inspect the Premises in order to ensure that all construction, workmanship, materials and installations involved in or incident to the project are performed in substantial compliance with the approved Plans.

6.3 All SUBLESSEEs shall execute the attached Texas Workforce Commission report release form attached as Exhibit B and authorize the CITY or, if designated by the CITY, the EDC to submit the form to the Commission in order to request the release of any information that has been filed or is required to be filed with the Commission during the term of Agreement.

6.4 The parties herein agree that the CITY shall have the right to an on-site inspection of the Premises at all reasonable times and upon reasonable prior written notice to verify that LESSEE or SUBLESSEEs are in compliance with the terms of this Agreement. Additionally, the LESSEE and each SUBLESSEE shall submit to the CITY and the Economic Development Corporation, on a quarterly and cumulatively on an annual basis, the information or reports necessary for the monitoring of the performance criterion established in this Agreement. The cumulative annual submission shall be verified by a Certified Public Accountant or in-house accountant and an officer of the LESSEE or SUBLESSEE as applicable. The quarterly reports shall be verified by an officer of the SUBLESSEE.

6.5 If a SUBLESSEE's payroll figures fall below the required level during a reporting period, the SUBLESSEE shall immediately notify CITY of same in writing and cure said default within thirty (30) calendar days from the date of default unless extended pursuant to Section 9.2. A SUBLESSEE's failure to notify the CITY of any default shall waive the cure period and the CITY may exercise any of its remedies pursuant to Section 9.

7. Payment of Taxes

7.1 Notwithstanding any agreement herein to credit taxes abated to SUBLESSEE, LESSEE agrees and understands that it shall be liable for payment of taxes on the Premises. LESSEE's credit of any taxes to a SUBLESSEE shall not constitute a release from or bar recapture of taxes previously abated under this Agreement following a default hereunder.

7.2 LESSEE agrees to pay all ad valorem taxes and assessments that may be owed to CITY or any other taxing entity by it prior to such taxes and/or assessments becoming delinquent; provided, that LESSEE shall have the right to contest in good faith the validity or application of any such tax or

assessment and shall not be considered in default hereunder so long as such contest is diligently pursued to completion. In the event LESSEE does contest any such tax or assessment, it shall, nevertheless, promptly pay to CITY or any other taxing entity prior to its becoming delinquent, all taxes and assessments. If LESSEE undertakes any such contest, it shall so notify CITY and keep CITY apprised of the status of such contest. Should LESSEE be unsuccessful in such contest, LESSEE shall promptly pay the taxes, penalties, and/or interest, resulting therefrom, if not previously paid. This Agreement shall not take effect until such time as LESSEE has paid all taxes owed on the Premises prior to the execution date of this Agreement, if any. In the event that LESSEE fails to pay any and all ad valorem taxes or assessments when due, tax abatement for that year and subsequent years shall be terminated until such payment(s) are made.

8. Default

8.1. Events of Default

The following are expressly established as "Events of Default":

- (a) LESSEE's failure to meet the capital investment requirements.
- (b) LESSEE's failure to promptly provide written notice required under Section 4.3 above of any SUBLESSEE default of its sublease.
- (c) LESSEE's failure to complete construction of the Building on or before December 31, 2002.
- (d) LESSEE or any SUBLESSEE cessation of operations as defined herein.
- (e) (i) Filing of an application by LESSEE or any SUBLESSEE for a consent to the appointment of a receiver, trustee or liquidator of its business or all of its assets; (ii) the filing by LESSEE or any SUBLESSEE of a voluntary petition in bankruptcy or the filing of a pleading in any court of record admitting in writing its inability to pay its debts as they come due; (iii) the making by LESSEE or any SUBLESSEE of a general assignment for the benefit of creditors; (iv) the filing by LESSEE or any SUBLESSEE of an answer admitting the material allegations of or its consenting to, or default in answering, a petition filed against it in any bankruptcy proceeding.
- (f) The entry of an order, judgment or decree by any court of competent jurisdiction, adjudicating LESSEE or any SUBLESSEE a bankrupt, or appointing a receiver, trustee or liquidator of its business or all its assets, and such order, judgment or decree continuing unstayed and in effect for any period of sixty (60) consecutive days.

- (g) Failure of LESSEE or any SUBLESSEE to perform any of the other covenants, conditions, and agreements of this Agreement to be performed by LESSEE or any SUBLESSEE and the continuance of such failure after notice in writing from CITY and the expiration of any cure period, if any.
- (h) Failure of LESSEE to credit or withhold the credit for taxes to any SUBLESSEE as provided in Sections 4.2 and 4.3 herein.
- (i) A sale or assignment of the Premises to a tax-exempt entity without the prior written consent of the CITY.
- (j) A SUBLESSEE's failure to meet or maintain the Payroll requirements set forth in Section 5 herein during the term of this Agreement.
- (k) A SUBLESSEE's failure to provide quarterly or annual reports as provided in Section 6.4 herein.
- (l) Any unauthorized assignment.

9. Remedies In Case Of Default.

9.1 CITY at its sole option may treat any one or more of the Events of Default defined in Section 8 or a failure to comply with any other term or condition of this Agreement as a breach of this Agreement. Upon serving written notice by certified mail on the defaulting party at the last known address CITY will have one or more of the following remedies:

- (a) The CITY may terminate this Agreement, or in the case of a default by a SUBLESSEE such termination shall be effective only against such SUBLESSEE, or
- (b) The CITY may terminate or reduce the tax abatement as provided herein, or
- (c) CITY may, at CITY's sole option, require LESSEE to repay all or any portion of the taxes abated herein.

9.2 CITY shall notify the defaulting party in writing of its default (with a copy to all the other parties hereto) and, except where waived by the defaulting party, the defaulting party shall have thirty (30) calendar days, unless waived as provided elsewhere herein, after receipt of such written notice, to cure any default, subject to additional time to cure provided herein. In the event of a SUBLESSEE default on the amount of payroll, the cure period may be extended to up to an additional sixty (60) days for a total maximum extension of the cure period to ninety (90) days upon written request by SUBLESSEE and written approval by the City Manager upon submission of reasonable evidence substantiating a lack of available workers and/or unexpected employee turnover and that the SUBLESSEE is exercising due diligence to hire the number of employees necessary to comply with this

Agreement. If a SUBLESSEE fails to timely cure its default, all abatement from taxation for SUBLESSEE shall cease and CITY may, at its sole option, terminate this Agreement with SUBLESSEE.

10. Payment of Taxes After Default

10.1 Should the LESSEE be required to pay the CITY the taxes that would have been paid to CITY had the taxes not been abated under the terms of this Agreement because of a default which specifically requires recapture, it shall pay such recaptured taxes plus interest at the rate provided for delinquent taxes in accordance with V.T.C.A., TAX CODE, SECTION 33.01. Such payment of taxes and interest shall be due within thirty (30) days of CITY's termination of this Agreement and notification to LESSEE of the termination of this Agreement and of the amount of taxes and interest due. The taxes and interest are delinquent and incur penalties as provided by law for ad valorem taxes imposed by CITY if not paid before February 1 of the year following the date on which the termination of this Agreement occurs.

10.2 If LESSEE believes that such recapture is improper, LESSEE may file suit in the Brazos County District Court appealing such termination within sixty (60) days after the written notice of the termination by the CITY. If an appeal suit is filed, LESSEE shall remit to the CITY, within such sixty (60) days after the notice of termination, any additional and/or recaptured taxes as may be payable during the pendency of the litigation pursuant to the payment provisions of SECTION 42.08, TEXAS TAX CODE. If the final determination of the appeal increases LESSEE's tax liability above the amount of tax paid, LESSEE shall remit the additional tax to the CITY pursuant to SECTION 42.42, TEXAS TAX CODE. If the final determination of the appeal decreases LESSEE's tax liability, the CITY shall refund the LESSEE the difference between the amount of tax paid and the amount of tax for which LESSEE is liable pursuant to SECTION 42.43, TEXAS TAX CODE. CITY's exercise of any recapture of abatement or portion thereof as provided in this Agreement shall not constitute a default by CITY.

11. Certificate of Compliance. LESSEE shall certify in writing to CITY that all construction of the Premises has been completed in accordance with the approved Plans and Texas A&M requirements. After receipt of this certification, CITY shall make a final inspection of Premises to verify whether Premises have been constructed in compliance with this Agreement; and that upon so finding, CITY shall issue a Certificate of Compliance with this Agreement. Such certificate shall be conclusive that the Building and Premises are a qualified economic development project qualified and entitled to an exemption from taxation upon the terms of this Agreement.

12. Tax Exemption.

12.1 The tax exemption provided for by this Agreement shall exempt the value of the Premises and all other enhancements to same, including without limitation, items of personalty permitted as provided below, and the like located on the Premises by LESSEE or any SUBLESSEE of the Premises (to the extent provided by law), (collectively such items are herein referred to as the "Property Improvements").

12.2 Taxes on personalty shall also be abated but only on those items of personalty located on the Premises and described on a schedule of personal property furnished to the CITY and District by each SUBLESSEE no later than December 31, annually, and approved as eligible for abatement pursuant to the TEXAS TAX CODE. Failure of any SUBLESSEE to submit the above referenced schedule of personal property will result in loss of tax abatement to the party failing to submit its respective personal property schedule. This tax abatement shall apply to the value of the Building and personalty over and above the certified value of the Property for the 2001 tax year from the date of the approval of the Agreement by CITY. Such abatement shall be effective for the following years and in the following percentages under the terms, conditions and limitations provided herein:

YEAR	% OF ABATEMENT
2001	0%
2002	0%
2003	70%
2004	70%
2005	60%
2006	50%
2007	40%
2008	30%
2009	20%
2010	10%

12.3 The Chief Appraiser of the District shall annually determine (i) the taxable value of the real and personal property comprising the Premises taking into consideration the abatement provided by this Agreement, and (ii) the full taxable value without abatement of the real and personal property comprising the Premises. The Chief Appraiser shall record both the abated taxable value and the full taxable value in the District's records. The full taxable value figure listed in the District's appraisal records shall be used to compute the amount of abated taxes that are required to be recaptured and paid in the event this Agreement is terminated in a manner that results in recapture. Each year the LESSEE shall furnish the Chief Appraiser with such information outlined in CHAPTER 22, TEXAS TAX CODE, as amended, as may be necessary for the administration of this Agreement with a copy to each SUBLESSEE and the CITY. The estimated taxable value of the Property for the 2001 tax year is \$360,680.00 subject to final determination of the District.

12.4 LESSEE MUST FILE AN APPLICATION FOR TAX ABATEMENT WITH THE BRAZOS COUNTY APPRAISAL DISTRICT IN ACCORDANCE WITH SECTIONS 11.28 AND 11.43 OF THE PROPERTY TAX CODE IN ORDER TO RECEIVE TAX ABATEMENT. FAILURE TO FILE THE APPLICATION WILL RESULT IN LOSS OF TAX ABATEMENT FOR THAT YEAR. LESSEE SHALL FURNISH A COPY OF SUCH ANNUAL FILING TO THE CITY AND THE SUBLESSEES SIMULTANEOUSLY WITH THE FILING AND IN ALL EVENTS ON OR BEFORE TEN (10) DAYS PRIOR TO THE LAST DAY TO FILE SUCH APPLICATION.

13. INDEMNIFICATION, GOVERNMENTAL IMMUNITY AND RELEASE

LESSEE AND SUBLESSEE EACH AGREE TO AND SHALL INDEMNIFY, HOLD HARMLESS AND DEFEND CITY, ITS OFFICERS, AGENTS, AND EMPLOYEES FROM AND AGAINST ANY AND ALL CLAIMS, LOSSES, DAMAGES, CAUSES OF ACTION, SUITS, AND LIABILITY OF EVERY KIND, INCLUDING ALL REASONABLE EXPENSES OF LITIGATION, COURT COSTS, AND REASONABLE ATTORNEY'S FEES, FOR INJURY TO OR DEATH OF ANY PERSON, FOR DAMAGE TO ANY PROPERTY, FOR ANY BREACH OF CONTRACT, OR ITS FAILURE TO ABIDE BY ALL APPLICABLE ENVIRONMENTAL LAWS, RULES AND

REGULATIONS ARISING OUT OF OR IN CONNECTION WITH ITS USE, OPERATION OR CONSTRUCTION OF ITS LEASED PREMISES; PROVIDED, HOWEVER, SUCH INDEMNITY BY LESSEE AND SUBLESSEE SHALL BE LIMITED TO ACTIONS RELATED TO A SPECIFIC ENTITY AND LESSEE AND A SUBLESSEE SHALL NOT BE RESPONSIBLE FOR THE ACTIONS FOR OTHER ENTITIES UNDER THIS AGREEMENT.

GOVERNMENTAL IMMUNITY

LESSEE AND EACH SUBLESSEE RESPECTIVELY AGREE AND ACKNOWLEDGE THAT IN THE GRANTING OF TAX ABATEMENT AND THE EXECUTION OF THIS AGREEMENT BY THE CITY, THE CITY IS ENGAGED IN CARRYING OUT A GOVERNMENTAL FUNCTION. IN THIS CONNECTION, THE PARTIES AGREE AND UNDERSTAND THAT IN THE PERFORMANCE OF ALL MATTERS RELATING TO THIS AGREEMENT AND EXECUTING THIS AGREEMENT THE CITY DOES NOT WAIVE ITS GOVERNMENTAL IMMUNITY NOR DOES THIS AGREEMENT CONSTITUTE THE CITY'S CONSENT TO SUIT.

RELEASE

LESSEE AND SUBLESSEES EACH INDEPENDENTLY AND AS TO THEIR OWN ACTIONS REQUIRED HEREUNDER ASSUME FULL RESPONSIBILITY FOR THE WORK TO BE PERFORMED BY THEM RESPECTIVELY HEREUNDER, AND HEREBY RELEASE, RELINQUISH, AND DISCHARGE THE CITY, ITS OFFICERS, AGENTS, AND EMPLOYEES FROM ALL CLAIMS, DEMANDS, AND CAUSES OF ACTION OF EVERY KIND AND CHARACTER, INCLUDING THE COST OF DEFENSE THEREOF, FOR ANY INJURY TO OR DEATH OF ANY PERSON (WHETHER EMPLOYEES OF EITHER PARTY OR OTHER THIRD PARTIES) AND ANY LOSS OF OR DAMAGE TO ANY PROPERTY (WHETHER PROPERTY OF EITHER OF THE PARTIES HERETO, THEIR EMPLOYEES, OR OF THIRD PARTIES) THAT IS CAUSED BY OR ALLEGED TO BE CAUSED BY, ARISING OUT OF, OR IN CONNECTION WITH THE WORK TO BE PERFORMED HEREUNDER OR THE TERMS OF THIS TAX ABATEMENT AGREEMENT. THIS RELEASE SHALL APPLY REGARDLESS OF WHETHER SAID CLAIMS, DEMANDS, AND CAUSES OF ACTION ARE COVERED IN WHOLE OR IN PART BY INSURANCE, AND IN THE EVENT OF INJURY, DEATH, PROPERTY DAMAGE, OR LOSS SUFFERED BY THE LESSEE OR SUBLESSEE, ANY SUBCONTRACTOR, OR ANY PERSON OR ORGANIZATION DIRECTLY OR INDIRECTLY EMPLOYED BY ANY OF THEM TO PERFORM OR FURNISH WORK ON THE PREMISES. THIS RELEASE SHALL APPLY REGARDLESS OF WHETHER SUCH INJURY, DEATH, LOSS, OR DAMAGE WAS CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE OF THE CITY BUT SHALL NOT APPLY IN THE EVENT OF THE WILLFULL MISCONDUCT RELATED TO SUCH INJURY, DEATH, LOSS OR DAMAGE.

14. Term.

14.1 The term of this Agreement shall be from December 20, 2001, through December 31, 2011.

15. **Written Notice**

15.1 All notices required by this Agreement (i) must be in writing, (ii) must be addressed to the parties as set forth below unless notified in writing of a change in address, and (iii) shall be deemed to have been delivered either when personally delivered or, if sent by mail, in which event it shall be sent by registered or certified mail, return receipt requested, three (3) business days after mailing. The addresses of the parties are as follows:

To COMPAQ: Compaq Computer Corporation
P.O. Box 692000
Houston, Texas 77269-2000

To CITY: City of College Station
P.O. Box 9960
College Station, Texas 77842
Attn: Tom Brymer, City Manager

To CW: c/o Caldwell Watson Real Estate Group
7600 West Tidwell, Suite 806
Houston, Texas 77040
Attention: Mr. Fred Caldwell

To SCHLUMBERGER:

Schlumberger Technology Corporation
100 Gillingham Lane
Sugarland, Texas 77478
Attention: Gary Kolstad, OFS Geomarket Manager-US land

16. Miscellaneous.

16.1 Severability. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under the present or future laws effective while this Agreement is in effect, such provision shall be automatically deleted from this Agreement and the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected thereby; and in lieu of such deleted provision, there shall be added automatically as part of this Agreement a provision that is similar in

terms and substance to such deleted provision as may be possible and yet be legal, valid and enforceable.

16.2 Texas Law To Apply. This Agreement shall be construed under and in accordance with the laws of the State of Texas and all obligations of the parties created hereunder are performable in Brazos County, Texas. In the event of litigation, jurisdiction shall lie in Brazos County, Texas.

16.3 Prior Agreements Superseded. This Agreement constitutes the sole and only Agreement of the parties hereto and supersedes any prior understandings or written or oral agreements between the parties respecting the within subject matter.

16.4 Amendments. No amendment, modification or alteration of the terms hereof shall be binding unless the same shall be in writing, dated subsequent to the date hereof and duly executed by the parties hereto.

16.5 Rights and Remedies Cumulative. The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy by any party shall not preclude or waive its rights to use any or all of their remedies.

16.6 No Waiver. No waiver by CITY in any event of default, or breach of any covenant, condition or stipulation herein contained shall be treated as a waiver of any subsequent default or breach of the same or any other covenant, condition or stipulation hereof.

16.7 Assignment. This Agreement may not be assigned by any LESSEE except to a for profit entity which acquires its interests under the ground lease with Texas A&M University or any SUBLESSEE either collectively or individually without the prior written consent of the CITY; provided, however, that COMPAQ may assign its interest in this Agreement to Hewlett Packard upon written notice to the CITY but without the requirement of prior consent, so long as Hewlett Packard has a net worth equal to that of Compaq as of the date of this Agreement, and further so long as there is no resulting reduction in the gross payroll or capital investments commitment hereunder. LESSEE or SUBLESSEE(s) must provide, in writing, the name of the proposed

assignee along with reasonable documentation that such person or entity has the requisite financial stability and business experience to fulfill the obligations of the Agreement. CITY, upon receipt of such documentation, will advise LESSEE or SUBLESSEE(s) in writing within thirty (30) days thereafter whether CITY consents to such proposed transfer. Failure of the CITY to respond shall be deemed an approval of such assignment. In granting or denying such consent, CITY may consider, among other factors, the proposed assignee's character, financial qualifications, business reputation, and experience in operating similar projects. If consent is required hereby and is given, no subsequent sale, assignment or transfer will be entered into by CW or CW's assignee without again obtaining the written consent of CITY in accordance with this section. If LESSEE or SUBLESSEE(s) desire to sell, assign, or transfer any part, portion, or interest in this Agreement under this section, LESSEE or SUBLESSEE(s) must give prior written notice to CITY.

16.8 Involuntary Assignment. For purposes of this Agreement, any proceeding under bankruptcy laws is considered an involuntary assignment and a default under this Agreement subject to the default remedies herein.

16.9 Change of Ownership. A change in ownership by any SUBLESSEE in a single transaction, of fifty-one percent (51%) of the stock of SUBLESSEE, or the transfer of fifty-one percent (51%) of ownership of SUBLESSEE's business, shall be considered an assignment for purposes of this paragraph. An assignment as prohibited above shall cause this Agreement to terminate immediately as to the party in default, and the exemption from taxation as provided for herein shall cease. Such assignment shall, however, not be considered a violation of this Agreement as to require the recapture of any taxes previously abated herein. This prohibition on abatement is not applicable to a bona fide lender with a lien on the Premises unless the lender forecloses its lien.

16.10 Authority to Act. The parties to this Agreement shall provide proof of authorization to execute this document on behalf of the party's respective legal entity.

16.11 Conflict. If the terms of this Agreement and any other agreement executed by LESSEE or SUBLESSEE conflict, this Agreement shall take precedence and govern.

16.12 Construction of Agreement. The language in all parts of this Agreement will be construed a whole according to its fair meaning and not strictly for or against CITY, LESSEE, or any SUBLESSEE.

16.13 The parties hereto have executed or caused to be executed by their duly authorized officials, this Agreement in multiple counterparts, each of equal dignity, on this ____ day of December, 2001.

LESSEE:

CW CS 1 LP, *W*

By CNI Capital Investments, Inc., Its General Partner

BY: *[Signature]*Name: Fred F. CaldwellTitle: President

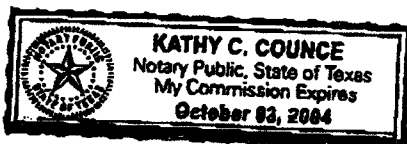
STATE OF TEXAS

COUNTY OF Harris§
§
§

ACKNOWLEDGMENT

Before me, the undersigned authority, on this day personally appeared Fred Caldwell as President, of CNI Capital Investments, as general partner of CW CS 1 LP, a Texas Limited Partnership, on behalf of said limited partnership, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office on this the 13th day of December, 2001.



[Signature]
Notary Public in and for the State of Texas

SUBLESSEE:

COMPAQ COMPUTER CORPORATION

BY: _____
Mary McDowell
General Manager & Sr. Vice President

STATE OF _____

COUNTY OF _____

§
§
§

ACKNOWLEDGMENT

Before me, the undersigned authority, on this day personally appeared **Mary McDowell**, as General Manager and Sr. Vice President of Compaq Computer Corporation, a Delaware Corporation, on behalf of said corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office on this the _____ day of _____, 2001.

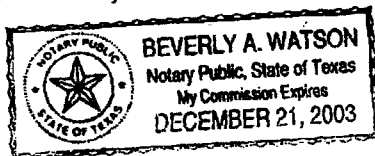
Notary Public in and for the State of Texas

SCHLUMBERGER TECHNOLOGY
CORPORATIONBy: Gary A. Kolstad
Gary Kolstad
OFS Geomarket Manager-US LandSTATE OF TEXAS
COUNTY OF BRAZOS§
§
§

ACKNOWLEDGMENT

Before me, the undersigned authority, on this day personally appeared Gary Kolstad as OFS Geomarket Manager – US Land of Schlumberger Technology Corporation, a Texas Corporation, on behalf of said corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office on this the 12th day of December, 2001.



Beverly A. Watson
Notary Public in and for the State of Texas

CITY OF COLLEGE STATION

BY: _____
Lynn McIlhaney, Mayor

ATTEST:

Connie Hooks, City Secretary

APPROVED:

Thomas E. Brymer, City Manager

Charles Cryan, Director of Fiscal Services

City Attorney

STATE OF TEXAS §
 § ACKNOWLEDGMENT
COUNTY OF BRAZOS §

Before me, the undersigned authority, on this day personally appeared LYNN MCILHANEY, as Mayor of the City of College Station, a Texas home-rule municipal corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office on this the _____ day of _____, 2001.

Notary Public in and for the State of Texas

ATTACHMENTS:
Exhibit A - Property Description
Exhibit B - Texas Workforce Commission report release form

6.00 Acre Tract - Part of Blk 5
Texas A&M University Research Park
J. E. Scott Survey, A-50
Brazos County, Texas

Field notes of a 6.00 acre tract or parcel of land, lying and being situated in the J. E. Scott Survey, Abstract No. 50, Brazos County, Texas, and being part of a 1226 acre tract described in the deed dated June 21, 1981, from Fredrick Cox to the Agricultural and Mechanical College of Texas, also known as The Texas A&M University System, as recorded in Volume M, Page 142, of the Deed Records of Brazos County, Texas, and being part of Block 5 of the Phase 1 Designation and Re-plat of Block 4, Texas A&M University Research Park according to the plat recorded in Volume 1165, Page 117, of the Official Records of Brazos County, Texas, and being more particularly described as follows:

BEGINNING at the ½" Iron rod set at the east corner of Block 5 in the southwest right-of-way line of Research Parkway;

THENCE S 42° 04' 56" W along the southeast line of Block 5 for a distance of 251.16 feet to a ½" iron rod set;

THENCE N 85° 14' 53" W for a distance of 595.07 feet to a ½" iron rod set in the northwest line of Block 5;

THENCE along the northwest line of Block 5 as follows:

N 24° 51' 40" E	for a distance of 73.71 feet to a ¾" iron rod found,
N 16° 54' 17" E	for a distance of 370.07 feet to a ¾" iron rod found
	marking the west corner of Block 5 in the southeast
	right-of-way line of Technology Loop;

THENCE along the southeast right-of-way line of Technology Loop as follows:


S 85° 14' 53" E	for a distance of 231.66 to a ½" iron rod set at the
	beginning of a curve concave to the northwest
	having a radius of 531.22 feet,
Easterly along said curve	for an arc distance of 159.46 feet to a ¾" iron
	rod found marking the end of this curve, the chord
	bears N 86° 09' 09" E for a distance of 158.86 feet,
N 77° 33' 10" E	for a distance of 13.56 feet to a ½" iron rod set at
	the transition line from Technology Loop to
	Research Parkway;

THENCE S 63° 55' 40" E along the transition line from Technology Loop to Research Park for a distance of 39.12 feet to a ½" iron rod found in the southwest right-of-way line of Research Parkway, same being the beginning of a curve concave to the northeast having a radius of 614.96 feet;

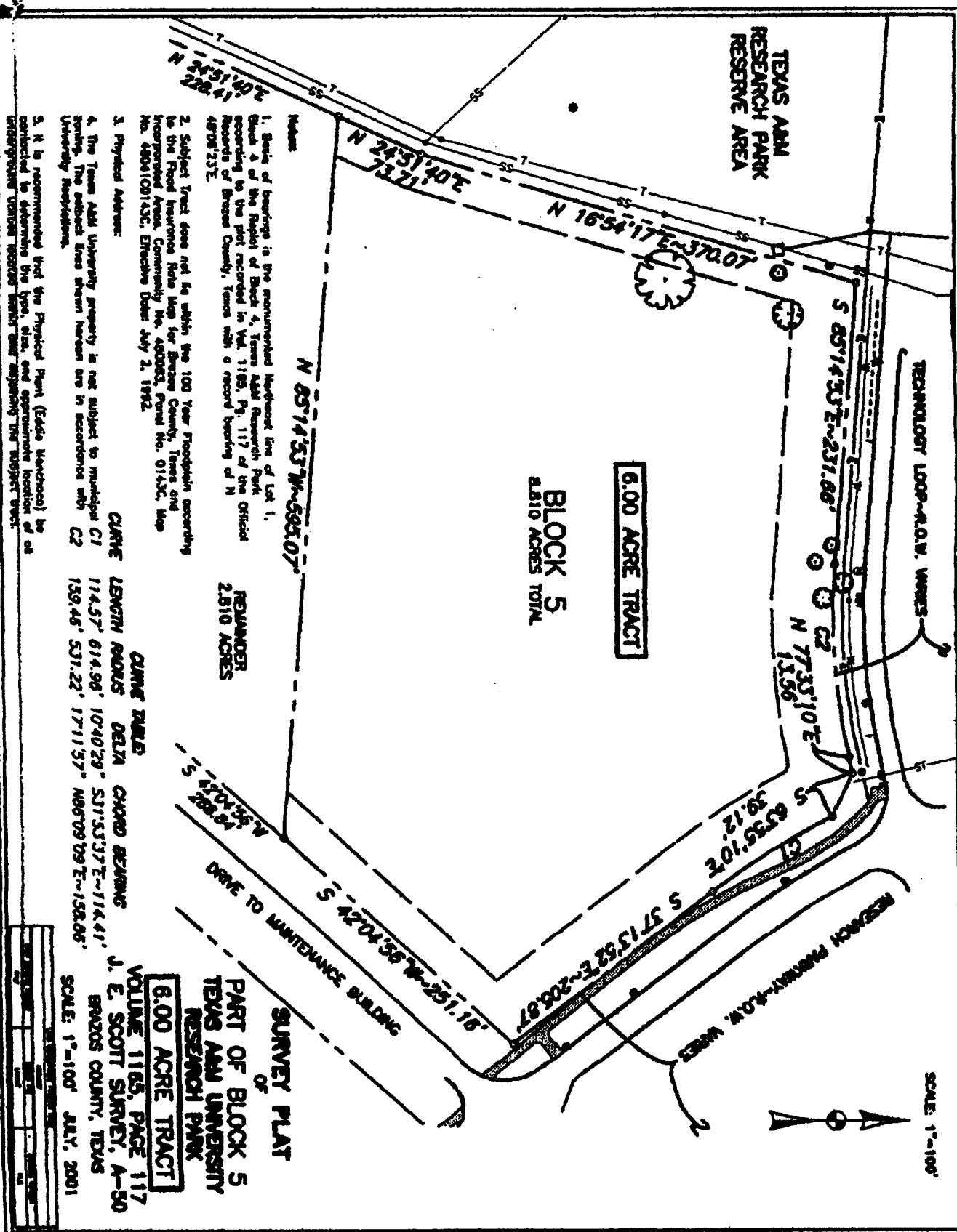
THENCE along the southwest right-of-way line of Research Parkway as follows:

Southeasterly along said curve	for an arc distance of 114.57 feet to a ½"
	iron rod set at the end of this curve, the chord bears
	S 31° 53' 37" E - 114.41 feet,
S 37° 13' 52" E	for a distance of 205.87 feet to the PLACE OF
	BEGINNING containing 6.00 acre of land more or
	less.

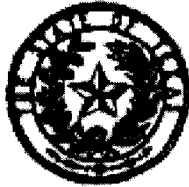


Surveyed April 2001
By: 
S. M. Kling
R. P. L. S. No. 2003

Prepared 07/10/01
kes01-02a:tamu6.00acblk5.wpd



KLING ENGINEERING & SURVEYING
BRYAN, TEXAS



TEXAS WORKFORCE COMMISSION

INFORMATION RELEASE DEPT.
101 E. 15TH STREET, Rm 264
AUSTIN, TX 78778
(512) 463-2748
TDD 1-800-735-2989

AUTHORIZATION FOR RELEASE OF RECORDS

(NAME OF EMPLOYER)

TWC Tax Account No.: _____

The above named employer, by the signature of its duly authorized officer or agent below, hereby expressly authorizes the Texas Workforce Commission (TWC) to release to _____, its duly authorized agent(s) or representative(s), all confidential records held or maintained by TWC concerning the existence, status or contents of the undersigned's Tax Account, except as expressly set forth hereinafter:

The persons obtaining such records pursuant to this Authorization shall be solely responsible for the payment of all costs assessed by the Texas Workforce Commission for providing such records. Any true and correct photocopy of this Authorization may be treated as equivalent to the original. This Authorization shall be valid for a period of _____ from the date of execution.

Title: _____
Dated: _____